WISCONSIN LEGISLATIVE COUNCIL
AMENDMENT MEMO

2001 Senate Bill 131	**Senate Substitute Amendment 1**
Memo published: June 6, 2001	*Contact*: **Russ Whitesel, Senior Staff Attorney (266-0922)**

Under *current law*, there is a college tuition and expenses program, commonly referred to as Edvest 1, under which a contributor may purchase "tuition units" that can be used to pay qualified educational costs on behalf of a beneficiary. The purchase of tuition units is limited to certain relatives, legal guardians, trusts created on behalf of a beneficiary, and individuals purchasing units for their own use. Under current law, there is also a college savings program, commonly referred to as Edvest 2, under which anyone may open an account for a prospective student, regardless of the contributor's relationship to the beneficiary.

Contributions made to an account under either program, up to a limit of $3,000 each year for each beneficiary, may be deducted from the contributor's income for income tax purposes if the beneficiary of the account is either the claimant or the claimant's dependent child.

2001 Senate Bill 131 expands eligibility for the income tax deductions under both Edvest 1 and Edvest 2 to include the grandparents of a beneficiary. Thus, under the bill, a claimant may deduct from his or her taxable income amounts contributed to an Edvest account if the beneficiary of the account is the claimant's grandchild, subject to the same limits that apply to such deductions under current law.

Senate Substitute Amendment 1 is identical to Assembly Bill 298, as amended by Assembly Amendment 2. The substitute amendment establishes a $3,000 per child cap on deductions which a parent or grandparent may claim per beneficiary each year under the Edvest programs. Under current law, if a parent or grandparent contributes $3,000 to an Edvest 1 account and $2,000 to an Edvest 2 account for one child, the parent or grandparent could deduct $5,000 from their income that year based on those contributions.

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